



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

The Development and Accessibility of Production Records Essential to Intelligent and Just Determination of Wage-Rates

By SAMUEL GOMPERS

President, American Federation of Labor

DR. Mitchell's discussion emphasizes the fallacy of determining wages on the basis of costs of living—a fallacy which labor pointed out in our Denver convention, directing that an effort be made to develop a theory of wages that accords with industrial facts. Such an investigation must come to grips with fundamentals not only of economics but human nature.

A glimpse into the nature and the ramifications of this field is given in Dr. Mitchell's discussion of relative rating. The distinguishing characteristic of the human being is creative ability—ability to record experience and to utilize past experience to make progress. What Dr. Mitchell calls performance standards ought to be of such a nature as to release all the creative energy of the workman and to enable the workman and the management to judge the quality of creative workmanship manifested. What the workman wants is opportunity "to be something," to master forces and materials and to show the power of his mind and the skill of his hand. On the other hand, the necessities of economic conditions of life demand that creative ability be compensated, and the human sense of justice requires that the compensation be in proportion to the value of the work done. A sense of injustice inevitably represses creative ability.

It seems to be a difficult thing to bring many practical business men to understand that the spirit of producing workmen must be uncurbed if production is to rise to full capacity.

To unfetter the spirits of men is the underlying philosophy of our trade union movement. We want to scatter opportunities for use of brain throughout the whole industry. We want an opportunity to master our machines and production processes. Labor is seeking a wage philosophy based upon these fundamentals.

While those sections of Dr. Mitchell's paper which precede his discussion of relative rating may coincide with the academic theory of static economics, it is not altogether in harmony with the fight which wage earners have been forced to make to increase or maintain their wages. Our national income is computed both in terms of money and of products. I have repeatedly stated there can be no general permanent betterment of standards of living without increased productivity. But we wage earners know that from time to time we have increased our home comforts by forcing a more equitable distribution of incomes. That was worth doing; it meant opportunities for ourselves and our children. We also know that when we force wages up the management at once begins to consider labor-saving machinery and improved methods. Increased productivity follows. Economists have before this tried to discourage us from asking for wage increases by assuring us that all our gains were absorbed by price increases. Statistics have been marshalled to demonstrate lessons in pessimism. However, there are not adequate statistics in the industrial field to demonstrate any theory conclusively.

Not five per cent of managements keep production accounts in such a way as to show real production conditions. Managements seem to feel that such accounts as are kept are for their private information. Now every workman who puts his creative ability into an industry has a right to an accounting in order to know the justice of his compensation. The purchasers of the products have a right to know production costs in order to judge the fairness of the price. There ought to be just as much publicity about the bases upon which prices and wages are determined as about prices and wages themselves. And yet we find steel companies challenging the authority

of a governmental agency to access to production costs!

The prerequisite to intelligent consideration of wage problems is full and complete knowledge of production accounts and distribution of incomes from producing establishments. We need that data over long-time periods so as to determine the results of managerial policies and to determine the curves of the relative allocations of income.

There should be a steady increase in the compensation allotted to creative ability if that ability is to be sustained. I urge as essential to more intelligent and more just wage determination, the development and the accessibility of production accounts and statistics.

Relative Rating Leaves the Main Industrial Problem Untouched

By A. J. PORTENAR

Formerly, Superintendent, Bureau of Employment, New York State Department of Labor

IN our industrial system labor is a commodity, the Clayton Act to the contrary notwithstanding. It is therefore subject to the law of supply and demand, modified by monopoly and gentlemen's agreements on the one hand, and by the myriad variations of individual circumstances and individual temperament on the other. Individual workers being manifestly at a disadvantage, workmen are gravitating to the method of collective bargaining, not because they are then assured of just and properly graded bases of remuneration, but because they are then in a better position for haggling with their employers, according to the methods of the market place, without regard to that vague thing called justice, either in relation to employers or to each other.

This is elementary, as are some of your propositions. For example:

(1) Increases to one class of workers without corresponding increases to other classes of workers is at the expense of the latter.

(2) Increases to all classes of workers without increase of productivity is no increase to any of them.

(3) Increases to some classes of workers without increase of production, if of considerable proportion, lead eventually to decreased consumption and less employment.

There are other statements which are truisms. However, you must not think that I believe they should not on that account be stated: the right way is to begin at the logical beginning. But you have made some general statements which are at least debatable. For example:

The sum total of money incomes received during a given period is exchanged against